

PRESS RELEASE

Time to re-energise the EU's capital markets

Building investable and competitive ecosystems

Brussels, 28 November 2022 – Seven years since the launch of the Capital Markets Union (CMU), EU capital markets have neither significantly developed nor become more integrated. Instead, European capital markets are highly fragmented, market financing is limited, while the competitiveness of the financial services sector (and the EU's economy in general) has been battered.

A new study '**Time to re-energise the EU's capital markets**', now calls for a different approach to create a more balanced financial system, which draws more efficiently on market finance and prioritises local capital market development measures.

Formed in April 2022 to examine how to address these failings, a Round Table of eight industry leaders representing market operators and infrastructures, banks, an asset manager, and a corporate entity active in the beverage industry, came together over a period of six months. The study is the result of their discussions, deliberations and research.

To build investable and competitive capital markets, the study proposes that:

1. Capital markets **development** should **pave the way for integration** measures as an EU policy objective, by acknowledging the diversity in Europe's capital markets.
2. **Retail investors** should be **at the centre** of the EU's narrative for capital markets with industry and policymakers providing **efficient solutions for long-term savings**.
3. To foster efficiency and scalability, the EU needs to enforce **mutual recognition** and **interoperability** in capital markets, recognising that harmonisation is no panacea.
4. Remaining as **open** as possible and guaranteeing **stability** and **continuity** in the regulatory landscape, as well as ensuring consistency in supervisory outcomes, will make Europe more attractive and competitive.

To ensure Europe has all the tools available for achieving these ambitious goals, the study recommends:

5. The development of a comprehensive **set of KPIs** on the **competitiveness** of EU actors and the **attractiveness** of EU capital markets *vis-à-vis* non-EU markets.
6. The creation of a **high-level markets advisory/consultative group** that will regularly convey its findings to policymakers.
7. A '**funding escalator**' to monitor local/regional market ecosystems, an '**investment riskometer**' to assess channels for retail and institutional investment participation in markets, and an efficient **securitisation market** to make loans more marketable, free up banks' capital and boost demand for securitised products.

"Going forward, we need a pragmatic, measurable, and implementable approach that is based on a mutually beneficial relationship between the EU and all its Member States."

Lieve Mostrey, Chair of the Round Table and CEO of Euroclear Group

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